



Trend of Share Buybacks in the Indian Corporate Sector

Mahak Makkar¹, Deepa Mangala²

¹Research Scholar, Haryana School of Business, Guru Jambheshwar University of Science & Technology, Hisar, Haryana, India.

²Professor, Haryana School of Business, Guru Jambheshwar University of Science & Technology, Hisar, Haryana, India.

Received: 11 Jul 2025; Received in revised form: 08 Aug 2025; Accepted: 13 Aug 2025; Available online: 18 Aug 2025

Abstract— The study examines the trends and structural characteristics of share buybacks in India using an extensive dataset of 584 buyback announcements from 2010–11 to 2024–25. First, it highlights the recent trends in the buyback activities, then it sheds light on the difference between tender offer buybacks and open market repurchases (OMRs) based on buyback characteristics. For this, a univariate analysis has been employed using both parametric (two-sample t-test) and non-parametric (Wilcoxon rank-sum test) methods. The findings show a noticeable slowdown in the buyback activities in recent years due to changes in taxation and buyback regulations. After phasing out of OMRs, tender offers become the predominant mode of execution. The results demonstrate that buybacks are mostly concentrated among promoter-controlled companies. Furthermore, tender offer buybacks are characterized by higher buyback size, amount, and promoter shareholding as compared to OMRs. Overall, the findings highlight that buyback behaviour is sensitive to regulatory changes, offering valuable insights for policymakers and investors in assessing the impact of buyback regulations on the firm's buyback behaviour.

Keywords— Share Buybacks, Share Repurchases, Buyback Trends, Payout Policy, SEBI Regulations

I. INTRODUCTION

Share buybacks or share repurchases refer to the mechanism where a company purchases its shares from the existing shareholders, which reduces outstanding shares in the market. In the past, buybacks were extremely uncommon, and in some cases, these were legally restricted, whereas dividends were the main way to return money to shareholders. Later on, the scenario changed, and share buybacks have emerged as an increasingly prominent corporate payout mechanism across global capital markets over the past two decades.

Buybacks have become increasingly popular in India in recent years, especially after regulatory clarifications under the Securities and Exchange Board of India (SEBI) framework. Buybacks are

becoming a more popular tool of financial policy because, in contrast to dividends, they give companies more flexibility in terms of timing, magnitude, and mode of payout. They have become a common financial tactic employed by businesses to show undervaluation (Arora, 2022; Bhama, 2021; Goyal and Mangala, 2024; Vermaelen, 1984), manage capital structure to achieve optimum leverage ratio (Dittmar, 2000, return surplus cash (Comment and Jarrell, 1991; Dittmar, 2000) and to demonstrate manager's confidence (Wansley et al., 1989).

Indian companies undergo buyback under two routes, either by tender offer method or by open market through stock exchanges (OMRs), the former one being widely used in recent years. Firms prefer open market buyback as it is a less costly method

(Oded, 2011) and corrects short-term under-valuation (Vafeas, 1997). On the other hand, the tender offer is a costly method to convey credible signals (Comment & Jarrell, 1991; Vermaelen, 1981). Due to the huge funds involved and higher insider ownership stake (Vafeas, 1997). Indian firms prefer tender offers (Bhama, 2021) to alter capital structure (Kumar Jena et al., 2020; Varma & Munjal, 2016; Varma et al., 2018). Buybacks in India differ from those in developed markets, not only in the frequency and amount involved but also in their structural characteristics, such as the dominance of tender offers, premium offered, and promoter's participation.

Statement of Problem

Despite the growing significance of buybacks in India, the empirical literature has largely focused on the managerial motives to conduct buybacks, market reactions towards buyback announcements, and the impact of buybacks on a firm's financial performance. However, limited attention has been given to demonstrate recent trends and structural patterns in the share buybacks. This study presents a comprehensive trend analysis of share buybacks in India over the last fifteen financial years. It demonstrates how the size, frequency, mode of execution, and promoters' ownership in share buybacks have evolved over time.

Significance of the Study

This study holds importance as it complements existing empirical research by employing univariate analysis and lays the groundwork for future studies by highlighting descriptive patterns in share buybacks. The findings of this study are not only valuable for researchers but also for investors, regulators, and corporate decision-makers who want to comprehend the changing role of buybacks in India's corporate finance landscape.

Scope of the Study

This study uses firm-level data from 2010-11 to 2024-25 to analyze recent patterns in share buybacks in India over 15 years. It also demonstrates the difference between tender offer buybacks and OMRs based on buyback characteristics using the two-sample t-test and the Wilcoxon rank-sum test.

Research Objectives

1. To examine the year-wise distribution of share buybacks in India in terms of frequency and announced buyback amount, distinguishing between tender offers and open market repurchases.
2. To analyse the quantum of shares bought back and buyback offer size in terms of percentage of the aggregate of the total paid-up share capital and free reserves of the Company.
3. To analyse the promoter shareholding patterns before buyback announcements to understand ownership-related trends in buyback decisions.
4. To examine the pricing behaviour of buybacks by analysing the percentage of premium offered over prevailing market prices on the date of the board meeting.

II. LITERATURE REVIEW

The history of Indian share buybacks dates back to 1998. These have been governed by a detailed set of rules under the Companies Act and the Securities and Exchange Board of India (SEBI). The SEBI provided clear guidelines for limits, methods, and mandatory disclosures for buybacks in the SEBI (Buy-back of Securities) Regulations, 1998, to ensure transparency and safeguard the interests of investors. The regulations governing share buybacks have undergone significant changes over time; the most recent was introduced on November 28, 2024. The provisions of SEBI (Buy-back of Securities) (Amendment) Regulations, 2023 include the gradual reduction of open-market buybacks through the stock exchange and phasing them out completely by March 2025. Moreover, in the 2024 amendments, SEBI shifted the burden of tax liabilities from companies to shareholders, where the amount received by the shareholders in a buyback by tendering their shares is now treated as a deemed dividend, thus taxable in the shareholder's hands. Recent regulatory developments, including changes in taxation and the phasing out of OMRs, have further reshaped corporate preferences regarding buyback announcements and their implementation as well.

Share buybacks are driven by a combination of numerous motives in the literature such as signaling hypothesis, agency theory, free cash flow hypothesis

etc. From a signaling perspective, managers use the announcement of share buybacks as a reliable signal to the market, expressing their belief that the company's shares are undervalued (Vermaelen, 1984). Signaling undervaluation or lower market-to-book ratio (Arora, 2022; Bhama, 2021; Bhama, 2024; Hyderabad, 2009; Varma et al., 2021) is the most commonly stated motivation behind buybacks. According to agency theory, share buybacks restrict the ability of managers to get involved in overinvesting and other self-serving actions by allocating surplus funds to shareholders. By lowering the quantity of free cash available to managers, these measures reduce agency costs and align managerial incentives with generating shareholder wealth (Jensen, 1986). Furthermore, capital structure theories consider buybacks as a means of adjusting leverage towards the optimum level so they also act as a corporate restructuring tool to alter a firm's capital structure (Kumar Jena et al., 2020; Varma et al., 2018).

Consistent with the motivation behind buybacks in the developed countries, emerging countries like India exhibit some additional incentives such as boosting EPS (Burnett et al., 2012), lowering the P/E ratio (Reddy et al., 2013) and reducing the threat of takeover (Varma et al., 2021). Lack of profitable investment opportunities (Kumar Jena et al., 2020), enhancing promoters' stake in the company (Varma et al., 2018), increasing insider's controlling power and supporting declining share prices (Kamat & Kamat, 2016) are some other common reasons for firm's carrying out share buybacks.

Literature also depicts a stronger Indian market response generating excess returns around the buyback announcements (Chatterjee & Mukherjee, 2015; Pandey & Kavidayal, 2023; Seal, 2018). Repurchasing shares at substantial premium over the market price gives the investors a signal of company's undervaluation which is known as information or signaling hypothesis (Vermaelen, 1981) explaining the phenomenon of abnormal returns.

Research Gap

There is an extensive literature that addresses the aspects of share buybacks such as motivations behind share buybacks, buybacks as a strategic device to manage earnings, operating and financial performance following the buybacks and short-term

stock performance. However, there are two significant gaps in the body of Indian literature. First, there is limited structured information regarding the changing landscape of buyback activities over time, particularly in the context of regulatory changes. Second, instead of offering a comprehensive picture of buyback characteristics such offer method, frequency, percentage of share bought back, promoter shareholding pattern and premium offered, the majority of research concentrate on discrete elements like announcement returns or company performance.

III. RESEARCH METHODOLOGY

Research Design

The study adopts an exploratory-cum-descriptive research design to examine the recent trends in the buyback activities during the period 2010-11 to 2024-25. Further, descriptive statistics of both tender offer and OMRs have been presented. Moreover, univariate analysis has also been carried out to differentiate between buyback characteristics on the basis of buyback mode.

Sample Selection

The sample consists of Indian companies which are listed on either the Bombay Stock Exchange (BSE) or national Stock Exchange (NSE) that have announced share buybacks. During this period, 584 share buybacks have been announced by several companies from various industries based on public announcement dates.

Data Collection

Information regarding the number of buyback announcements, was collected from the letter of offer available on the SEBI website. The dataset includes key characteristics of buybacks such as the buyback announcement year, buyback amount, percentage of shares repurchased, buyback price, mode of execution (Tender offer or OMRs), buyback premium offered by companies over market price on the board meeting date, and promoters' shareholding before buyback decision. To ensure data trustworthiness, observations with inconsistent or incomplete information were eliminated.

Data Analysis

Descriptive assessment of share buyback trends such as year-wise frequency, size, execution methods and

ownership patterns before announcing buybacks in India. Furthermore, the two-sample t-test and its non-parametric version, the Wilcoxon rank-sum test have been employed to examine the differences between buyback characteristics based on mode of offer.

Hypotheses Development

H₀₁ (Null Hypothesis): There is no significant difference between tender offers and OMRs in terms of year-wise frequency and announced buyback amount.

H₁₁ (Alternate Hypothesis): There is a significant difference between tender offers and OMRs in terms of year-wise frequency and announced buyback amount.

H₀₂ (Null Hypothesis): There is no significant difference in the quantity of shares bought back and buyback offer size between tender offers and OMRs.

H₁₂ (Alternate Hypothesis): There is a significant difference in the quantity of shares bought back and buyback offer size between tender offers and OMRs.

H₀₃ (Null Hypothesis): There is no significant difference in the promoters' shareholding before share buybacks between tender offers and OMRs.

H₁₃ (Alternate Hypothesis): There is a significant difference in the promoters' shareholding before share buybacks between tender offers and OMRs.

H₀₄ (Null Hypothesis): There is no significant difference in the buyback premium between tender offers and OMRs.

H₁₄ (Alternate Hypothesis): There is a significant difference in the buyback premium between tender offers and OMRs.

IV. RESULTS AND DISCUSSION

4.1 Trends in Share Buyback Announcements

The year-wise distribution of share buyback announcements over the sample period 2010-11 to 2024-25 (Table 1) distinguishes between tender offer and OMR method in terms of frequency of buybacks and their amount. The results indicate that buyback activity has been gradually increasing over time, with a noticeable spike following 2016-17. It is clearly visible in Table 1 that of the 584 buybacks, 392 (67.12 per cent) were undertaken through tender offer mode, whereas 192 (32.88 per cent) were through open market mode. In terms of amount to be spent on buybacks, tender offers account for ₹3,00,996 crore, representing 80.19 per cent of the total buyback amount, whereas open market buybacks contribute only 19.81 per cent. This indicates that tender offers are the preferred mechanism for large-value buybacks.

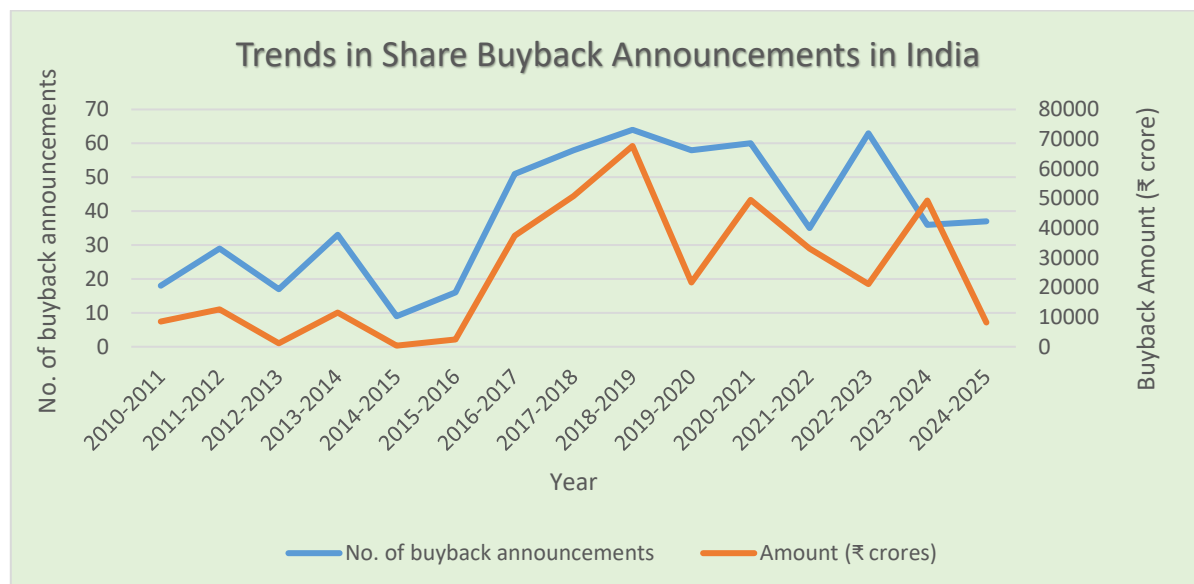


Fig.1: Trends in Share Buyback Announcements in India

Source: Authors' work

The trend in the share buybacks in India over the past fifteen years demonstrates significant variation in

both the total amount involved and the number of announcements, indicating the impact of

regulation changes and market conditions. Based on the data presented in Figure 1, buyback announcements increased sharply from 9 at their lowest in 2014-15 to 58 in 2017-18, while the corresponding buyback amount rose from ₹373 crore to ₹50,819 crore, indicating a substantial increase in the buyback announcements during this phase. The activity reached its highest level in 2018-19, with 64 buyback announcements in total and a buyback amount of ₹67,687 crore, before demonstrating noticeable fluctuations in the subsequent years. There has been a noticeable decrease in the most recent period, especially in 2024-2025, when there were only 37 buyback announcements and the total value plummeted drastically to ₹8,147 crore. Buyback taxation is the key factor behind this drastic decline in the buyback announcements by many firms which became effective from October 1, 2024. Shift in the tax

burden from company to shareholders on the buyback proceeds as per their income tax slabs discourage firms from announcing buyback programmes despite the availability of funds (Ajinkya & Viraj, 2024).

According to the data, only twelve buyback announcements have crossed the limit of Rs. 10,000 crore buyback amount limit, suggesting that just a handful of cash-rich companies dominate large-scale buybacks in India. Tata Consultancy Services Ltd. (TCS), Infosys Ltd., Wipro Ltd., Infosys Ltd. and Wipro Ltd. dominate these high-value buybacks. Among them, TCS Ltd. announced the largest ever buyback of ₹18,000 crore in the financial year 2020-21, followed by another one of 17,000 crore in 2023-24, demonstrating India's leading IT companies' ongoing reliance on buybacks as a significant payout mechanism via tender route.

Table 1: Year-wise Classification Based on Mode of Execution of Share Buybacks

Year	No. of Buybacks	Amount (₹ crore)	Tender Offer		OMRs	
			No. of Buybacks	Amount (₹ crore)	No. of Buybacks	Amount (₹ crore)
2010-11	18	8,481	5	2,900	13	5,581
2011-12	29	12,628	1	10	28	12,619
2012-13	17	1,164	3	192	14	973
2013-14	33	11,478	8	3,145	25	8,333
2014-15	9	373	4	148	5	225
2015-16	16	2,468	11	1,602	5	866
2016-17	51	37,398	42	35,005	9	2,393
2017-18	58	50,819	53	50,471	5	348
2018-19	64	67,687	46	57,259	18	10,428
2019-20	58	21,686	40	18,179	18	3,507
2020-21	60	49,533	42	45,826	18	3,707
2021-22	35	33,082	26	21,954	9	11,127
2022-23	63	21,092	40	6,909	23	14,183
2023-24	36	49,314	34	49,249	2	65
2024-25	37	8,147	37	8,147	0	0
Total	584	3,75,350	392	3,00,996	192	74,355

Source: Authors' work

A noteworthy structural change in the offer modes of share buybacks in India, especially in recent years, is

evident in Table 1. Both tender offers and OMRs were actively used during earlier years, but OMRs exhibit a

consistent decline over time and are now completely absent in 2024-25. This trend is in line with amendments in the buyback regulations of SEBI. As per SEBI (Buy-back of Securities) (Amendment) Regulations, 2013, companies can buyback up to a maximum 15% of paid-up capital and free reserve via OMR mode. However, no restriction applies to the tender offer size till it touches maximum permissible limit as fixed in the Companies Act, 2013 (Kumar Jena et al., 2020). As per this amendment duration of the OMR is reduced to 6 months from earlier period of 1 year whereas Tender offer opens for 10 working days only. Furthermore, SEBI (Buy-Back of Securities) Regulations, 2023 incorporates phasing out of OMRs gradually with the aim to completely end them from April 1, 2025. The reason behind this is to increase transparency and investor protection which leads to a shift in the focus to the more structured tender-offer route. This phase-out involved reducing the maximum limit of buybacks allowed on stock exchanges from 15% (till March 2023) to 10% (till March 2024) and then to 5% (till March 2025) before its complete elimination. The goal was to prevent artificial price inflation and ensure fair treatment for all shareholders. The growing prevalence of tender offers in the recent years (Table 1) indicates how companies have adjusted to this dynamic regulatory framework, indicating that regulatory design has been crucial in determining the trends in repurchase methods.

4.2 Size of Share Buybacks

Based on the number of shares to be repurchased, their proportion relative to paid-up share capital is

classified into five categories (Table 2). Out of 584 buyback announcements, nearly 61% of buybacks comes under the classification of less than 5% of paid-up share capital, indicating that Indian firms predominantly announce buybacks involving a relatively small proportion of paid-up share capital. Under the SEBI Buyback Regulations, companies are allowed to buy back shares up to a maximum of 25% of their paid-up share capital in a financial year. Smartlink Holdings Ltd., Pressman Properties Ltd., Welspun Enterprises Ltd., National Aluminium Company Ltd., etc., are among the 11 companies that have fully utilized the maximum permitted limit of 25%, suggesting that only 1.90 per cent of buybacks are executed exactly at this limit. On the other hand, buybacks exceeding 10% of paid-up capital account for only about 20% of total cases, highlighting that large-scale buybacks are relatively infrequent and likely to be undertaken by selected cash-rich firms.

The distribution of buybacks by size, measured as a percentage of paid-up share capital and free reserves, indicates a clear preference for moderate-scale repurchases among Indian firms. As apparent in Table 3, the largest proportion of buybacks (47.43 %) falls within the 5-10% range. At the same time, a substantial share of buybacks (28.59%) is clustered at the upper regulatory threshold of 20-25%. In contrast, a small set of buybacks falls in the category of 15-20%, which represents only 5% of the total. BSE Ltd., Bharat Electronics Ltd., NMDC Ltd., and MOIL Ltd. are among the thirteen companies having utilized the maximum permissible limit of 25% of their paid-up share capital and free reserves in a financial year.

Table 2: Percentage of Shares Bought Back Relative to Paid-up Share Capital

Shares Bought Back Relative to Paid-up Share Capital (%)	Number of Buybacks	Percentage of Buybacks (%)
0 ≤ Shares < 5	354	60.62
5 ≤ Shares < 10	112	19.17
10 ≤ Shares < 15	40	6.84
15 ≤ Shares < 20	25	4.28
20 ≤ Shares ≤ 25	53	9.07
Total	584	100

Source: Authors' work

Table 3: Buyback Size as (%) of Paid-up Share Capital and Free Reserves

Buyback Size (%)	Number of Buybacks	Percentage of Buybacks (%)
0 ≤ Size < 5	53	9.07
5 ≤ Size < 10	277	47.43
10 ≤ Size < 15	57	9.76
15 ≤ Size < 20	30	5.14
20 ≤ Size ≤ 25	167	28.59
Total	584	100

Source: Authors' work

4.3 Promoters' Shareholding Patterns before Share Buybacks

The distribution of promoter shareholding before buyback announcements reveals a strong concentration among firms with relatively high promoter ownership. Nearly 70% of buybacks are announced by those companies where promoter shareholding falls between 50-75% range (Table 4). It indicates that buyback activity in India is predominantly concentrated in promoter-controlled firms. Only a few companies reported promoter

shareholding above 90%. Notably, KIOCL Ltd. maintained an exceptionally high promoter control, ranging from 98.99% to 99.06% during the period 2018-2020, reflecting near-complete promoter control in the company. In addition, only four companies in the sample of 584 buybacks recorded promoter shareholding above 90%. It includes Premier Chennai Properties Ltd. and NLC India Ltd., which highlight that extreme ownership concentration is relatively rare among companies undertaking share buybacks.

Table 4: Promoters' Shareholding before Buyback Announcements

Promoter Shareholding (%)	Number of Buybacks	Percentage of Buybacks (%)
0 ≤ PS < 25	23	3.93
25 ≤ PS < 50	130	22.26
50 ≤ PS < 75	404	69.17
75 ≤ PS < 100	22	3.77
Total	584	100

Source: Authors' work

In contrast, firms with low promoter ownership below 25% account for less than 4% of total buybacks. A small group of firms undertaking buybacks has reported zero promoter shareholding. Companies such as BSE Ltd., Larsen & Toubro Ltd., Indian Energy Exchange Ltd., One 97 Communications Ltd., and CARE Ratings Ltd. fall into this category. Companies undertaking buybacks where promoter ownership is

zero as well as above 75% indicates that buyback decisions are influenced by general factors like cash distribution and market signaling apart from concentration of ownership.

4.4 Buyback Premium

The classification of buyback premiums calculated over prevailing market prices on the date of the board meeting provides insight about how companies price

their buyback offers relative to market valuations. Out of 584 buybacks, 26 buybacks have insufficient information regarding premium offered at the board meeting date and were thus eliminated. As shown in Table 5, nearly 55 per cent of buybacks offer premiums in the range of 0-25%, while an additional 30 per cent fall within the 25-50% range. This indicates that the

majority of buybacks in India are executed at relatively moderate premium levels. The trend exhibits that companies generally use cautious pricing strategies when carrying out buybacks. This is in line with signaling theory, which suggests that companies wish to indicate undervaluation without incurring high repurchase costs.

Table 5: Buyback Premium

Buyback Premium (%)	Number of Buybacks	Percentage of Buybacks (%)
Premium < 0	35	6.27
0 ≤ Premium < 25	306	54.83
25 ≤ Premium < 50	165	29.56
50 ≤ Premium < 75	30	5.38
75 ≤ Premium < 100	10	1.79
Premium ≥ 100	11	1.97
Total	558	100

Source: Authors' work

The distribution of buyback premiums shows that firms adopt different pricing strategies when executing share buybacks. While most of the buybacks are offered at positive premiums, very few cases fall at the extremes of the distribution. In January 2018, Technocraft Industries Ltd. announced a buyback at a negative premium of 58%, implying that the offer price was substantially below the prevailing market price. In contrast to this, a few firms offered exceptionally high premiums exceeding 100% which reflects aggressive pricing aimed at signaling strong confidence in firm value or ensuring high shareholder participation. Companies such as Axita Cotton Ltd., Sinclair Hotels Ltd., Filatex India Ltd., and FDC Ltd. fall into this category. Sterlite Technologies Ltd., Netlink Solutions (India) Ltd. are the two companies which offered the highest premium of approximately 136%.

4.5 Univariate Analysis

Table 6 demonstrates univariate analysis between tender offer and OMRs. The results for t-test and Wilcoxon rank sum test are reported in Table 7. The distribution of buyback characteristics demonstrates substantial positive skewness and kurtosis,

specifically in buyback amount and premium offered, indicating deviations from normality. Thus, all the variables are winsorized at 1% and 99% to remove the effect of outliers (Jena et al., 2020).

Based on buyback methods, firms are classified into tender offers and OMRs. As apparent in the Table 6, firms undertaking tender offer buybacks repurchase a significantly larger proportion of shares relative to paid-up capital of the company than those opting for OMRs. In particular, the average percentage of buyback shares amounts to 7.20% for tender offers in comparison with 5.41% for OMRs, resulting in a statistically significant mean difference of 1.79% ($p < 0.01$) as reported in Table 7. However, the median difference is insignificant. For buyback size, measured as a percentage of aggregate of paid-up share capital and free reserves of the company, it is substantially higher for tender offers (15.08%) than for OMRs (9.54%). For both buyback modes, there is a significant mean difference of 5.54% and a significant difference in median is 5.15%, suggesting that tender offer mode is preferred when companies plan a large buyback size as demonstrated in earlier studies (Kumar Jean et al., 2020).

Table 6: Descriptive Statistics of Buyback Characteristics Based on Mode of Offer

Variable	Buyback Mode	Mean	Median	Standard Deviation	Min	Max
Buyback Amount (₹ Crore)	Tender Offer	722.25	100.00	2174.65	1.74	13,000
	OMR	387.45	60.00	1424.21	1.74	10,440
	Total	612.18	80.00	1964.93	1.74	13,000
Buyback Shares (% of paid-up share capital)	Tender Offer	7.20	3.79	7.56	0.39	25.00
	OMR	5.41	4.11	4.74	0.39	24.90
	Total	6.61	3.88	6.81	0.39	25.00
Buyback Size (% of paid-up share capital and free reserves)	Tender Offer	15.08	13.00	7.90	1.88	25.00
	OMR	9.54	9.74	4.53	1.88	25.00
	Total	13.26	9.94	7.44	1.88	25.00
Buyback Premium (%)	Tender Offer	20.81	16.97	21.74	-16.80	118.35
	OMR	29.27	25.05	22.58	-16.80	118.35
	Total	23.63	19.43	22.36	-16.80	118.35
Promoter Shareholding (%)	Tender Offer	61.44	65.71	15.47	0.00	89.73
	OMR	48.99	51.06	15.43	0.00	74.46
	Total	57.35	60.49	16.51	0.00	89.73

Source: Authors' work

Note: The table reports mean, median, standard deviation, minimum, and maximum values for winsorized variables.

In terms of the amount to be spent on buybacks, tender offer also lead here as these involve larger cash outflows. The average buyback amount for tender offers is ₹722.25 crore, compared to ₹387.45 crore for OMRs, yielding a statistically significant mean difference of ₹334.79 crore. Here, the median difference is also significant, suggesting tender offer is preferred when firms want to distribute excess cash to shareholders through share buybacks. In contrast, buyback premiums are significantly lower in tender offers (20.81%) when compared with OMRs (29.27%), with statistically significant negative mean and median differences. The reason behind this can be attributed to their distinct regulatory and execution mechanisms. In a tender offer, firms announce a pre-specified buyback price which is generally more than

the prevailing market price, committing to a definite cash outflow upfront. On the other hand, OMRs involve the announcement of a maximum buyback price and a maximum buyback amount which allows the firms flexibility in terms of timing as well as price based on prevailing market conditions.

Additionally, promoter shareholding is much higher in companies that use tender offer mode than those undertaking buybacks via OMRs. For tender offers, the average promoter holding is 61.44%, whereas for OMRs, it is 48.99%. Both the mean and median differences are statistically significant and positive. The results are consistent with the view that the likelihood of choosing tender offer in India is higher where promoter ownership before buyback is higher, as compared to OMRs (Kumar Jena et al., 2020).

Overall, the univariate results show clear and significant difference between tender offer method and OMRs as tender offers are associated with larger

buyback size, huge amount involved, higher promoter shareholding but in terms of premium offered, they lag behind OMRs.

Table 7: Comparison of Buyback Characteristics

Variable	Tender Offer (Mean)	OMR (Mean)	Difference in Mean	Difference in Median
Buyback Shares (%)	7.20	5.41	1.79***	0.68
Buyback Size (%)	15.08	9.54	5.54***	5.15***
Buyback Amount (₹ crore)	722.25	387.45	334.79**	40.00**
Buyback Premium (%)	20.81	29.27	-8.45***	-8.09***
Promoter Shareholding (%)	61.44	48.99	12.45***	14.65***

Source: Authors' work

Note: This table reports univariate comparison of buyback characteristics between tender offers and OMRs based on winsorized variables. Differences in mean values are tested using the two-sample t-test with unequal variances, whereas differences in medians are tested using Wilcoxon rank-sum test. ***, ** and * show statistical significance at the 1%, 5% and 10% levels, respectively.

V. FINDINGS

- The year-wise distribution shows that buybacks were intensified significantly after 2016–17, both in terms of the number of announcements and amount, with a peak observed during 2018–19. However, in the most recent years, especially in 2023–2024, there has been a noticeable slowdown in the buyback activity that reflects the combined effects of regulatory tightening, the phase-out of OMRs, and unfavorable changes in the taxation of share buybacks.
- The figures clearly show a structural shift towards tender offers, which account for almost 80% of the total buyback amount. Merely 9% of buybacks completely utilize the highest regulatory limit of 20–25%, and nearly 61% of buybacks include less than 5% of paid-up share capital. In line with this, buyback size research reveals that the majority of buybacks (47.43%) fall within the 5–10% range, supporting the idea that businesses favor moderate repurchase programs.
- Ownership trends also show that buybacks are mostly concentrated in promoter-controlled companies, with promoter shareholding ranging from 50% to 75% accounting for approximately 70% of buybacks. However, the distribution of buyback premiums reveals a considerable

degree of variation in valuation signals, with the majority of firms offering moderate premiums which are below 25% and only a handful adopting highly aggressive pricing strategies, such as premium exceeding 100%.

- The univariate results show clear and significant difference between tender offer method and OMRs. Tender offers are associated with larger buyback size, amount involved, and higher promoter shareholding but in terms of premium offered, they lag behind OMRs.

VI. CONCLUSION

This study examines trends of share buybacks announced in India over the past 15 years. Using the data available on the SEBI website, it provides a thorough summary of how buybacks have evolved within India's regulatory framework. It provides comprehensive descriptive evidence on the trend, size, execution methods, premium offered, and promoter engagement. The results show that share buybacks in India are a regulatory-sensitive payout mechanism which is influenced by ownership structure, firm-specific financial strength, availability of free cash etc. The descriptive statistics demonstrate a structural shift towards tender offer method as it accounts for almost 80% of the total buyback amount. Further, univariate analysis shows

significant difference between tender offer method and OMRs, where tender offers lead in terms of buyback size, amount to be spent, promoter shareholding, but in terms of premium offered, they lag behind OMRs. Highlighting the crucial role that tax laws and SEBI regulations play in determining the volume and composition of buyback activity, this study provides valuable information to investors, regulators, and future scholars studying corporate payout practices in emerging nations.

REFERENCES

- [1] Ajinkya, B. & Viraj, D. (2024, August 13). New share buyback rules from October 1, 2024: A higher tax for many, but these people will gain. *The Economic Times*. <https://economictimes.indiatimes.com/wealth/tax/new-share-buyback-rules-from-october-1-2024-a-higher-tax-for-many-but-these-people-will-gain/articleshow/112485147.cms?from=mdr> (Accessed on January 8, 2025)
- [2] Arora, R. K. (2022). Why do Indian companies repurchase their shares?. *Global Business Review*, 23(1), 205-217. <https://doi.org/10.1177/0972150919854935>
- [3] Bhama, V. (2021). Understanding equity repurchase motives for different firm set-ups: Indian evidence. *Investment Management and Financial Innovations*, 18(1), 90-100. [https://doi:10.21511/imfi.18\(1\).2021.08](https://doi:10.21511/imfi.18(1).2021.08)
- [4] Bhama, V. (2024). Free Cash Flows and Corporate Buybacks: A Study of Indian Firms. *International Journal of Economics & Management*, 18(2).
- [5] Burnett, B. M., Cripe, B. M., Martin, G. W., & McAllister, B. P. (2012). Audit quality and the trade-off between accretive stock repurchases and accrual-based earnings management. *The Accounting Review*, 87(6), 1861-1884. <https://doi.org/10.2308/accr-50230>
- [6] Chatterjee, C., & Mukherjee, P. (2015). Price behaviour around share buyback in the Indian equity market. *Global Business Review*, 16(3), 425-438. <https://doi.org/10.1177/0972150915569931>
- [7] Comment, R., & Jarrell, G. A. (1991). The relative signalling power of Dutch-auction and fixed-price self-tender offers and open-market share repurchases. *The Journal of Finance*, 46(4), 1243-1271. <https://doi.org/10.1177/0972150915569931>
- [8] Dittmar, A. K. (2000). Why do firms repurchase stock. *The Journal of Business*, 73(3), 331-355. <https://doi.org/10.1086/209646>
- [9] Goyal, P., & Mangala, D. (2024). Nexus between Macroeconomic Factors and Share Buyback: Insights from India. *SCMS Journal of Indian Management*, 21(2).
- [10] Hyderabad, R. L. (2009). Price performance following share buyback announcements in India. *Vision*, 13(1), 59-78. <https://doi.org/10.1177/097226290901300105>
- [11] Jena, S. K., Mishra, C. S., & Rajib, P. (2020). Do Indian Companies Manage Earnings Before Share Repurchase?. *Global Business Review*, 21(6), 1427-1447. <https://doi.org/10.1177/0972150919856993>
- [12] Jensen, M. C. (1986). Agency costs of free cash flow, corporate finance, and takeovers. *The American Economic Review*, 76(2), 323-329.
- [13] Kamat, M. S., & Kamat, M. M. (2016). On Choosing an Optimal Dividend Policy in India: A Test of Substitution Hypothesis, 1999-2016. *Emerging Economy Studies*, 2(2), 199-222. <https://doi.org/10.1177/2394901516661100>
- [14] Kumar Jena, S., Mishra, C. S., & Rajib, P. (2020). Determinants of the choice of share buyback methods: A study in India. *Cogent Economics and Finance*, 8(1), 1-25. <https://doi.org/10.1080/23322039.2020.1782073>
- [15] Oded, J. (2011). Stock repurchases: How firms choose between a self tender offer and an open-market program. *Journal of Banking and Finance*, 35(12), 3174-3187. <https://doi.org/10.1016/j.jbankfin.2011.05.006>
- [16] Pandey, J., & Kavidayal, P. C. (2023). Stock Returns in the Context of Share Buybacks: A Case of the BSE 500 Index. *SCMS Journal of Indian Management*, 20(2), 133-144.
- [17] Reddy, K. S., Nangia, V. K., & Agrawal, R. (2013). Share repurchases, signalling effect and implications for corporate governance: Evidence from India. *Asia-Pacific Journal of Management Research and Innovation*, 9(1), 107-124. <https://doi.org/10.1177/2319510X13483518>
- [18] Seal, J. K., & Matharu, J. S. (2018). Long-term performance of buybacks in India. *Global Business Review*, 19(6), 1554-1566. <https://doi.org/10.1177/0972150918794737>
- [19] Vafeas, N. (1997). Determinants of the choice between alternative share repurchase methods. *Journal of Accounting, Auditing and Finance*, 12(2), 101-124. <https://doi.org/10.1177/0148558X9701200201>
- [20] Varma, U., & Munjal, A. (2016). A study of tender offer buyback and its share price performance in India. *Indian Journal of Finance*, 10(9), 53-65. <https://doi.org/10.17010/ijf/2016/v10i9/101479>
- [21] Varma, U., Singh, H., & Munjal, A. (2018). Corporate restructuring through Share buybacks: An Indian experience. *Australasian Accounting, Business and Finance Journal*, 12(2), 117-133. <https://doi.org/10.14453/aabfj.v12i2.8>
- [22] Vermaelen, T. (1981). Common stock repurchases and market signalling: An empirical study. *Journal of Financial Economics*, 9(2), 139-183. [https://doi.org/10.1016/0304-405X\(81\)90011-8](https://doi.org/10.1016/0304-405X(81)90011-8)

- [23] Wansley, J. W., Lane, W. R., & Sarkar, S. (1989). Managements' view on share repurchase and tender offer premiums. *Financial Management*, 97-110.
<https://doi.org/10.2307/3665652>